

STATEMENT

ADCNE

HEARING PROPOSAL NO. 7

MARKETWIDE SERVICE PAYMENTS

William Fitchett  
Vice President, General Manager  
Marcus Dairy, Inc.  
3 Sugar Hollow Road  
Danbury, CT. 06810

President Board of Directors  
New York State Dairy Foods Inc.  
201 South Main Street, Suite 302  
North Syracuse, New York 13212-2166

As President of the Board of Directors of New York State Dairy Foods, Inc. and as Vice President and General Manager of Marcus Dairy, I would like to enthusiastically support the position as set forth by David Arms, Economic Consultant regarding Marketwide Service Payments.

The Northeast Order has a large amount (25%) of independent producer (non-cooperative affiliated) milk supply. The proposed amendment by ADCNE for market wide service payments of \$.06 per hundredweight would reduce the pay price to these independent producers and to smaller cooperative producers who do not have manufacturing facilities capable of handling **1,000,000 lbs.** per day or 3% of the pool market.

Marcus Dairy has approximately 62 independent producers who provide about 60 % of its milk supply. The balance of the supply comes from cooperative and other sources. There is a real recognition of the value of balancing supply. Class I handlers pay cooperatives fees and premiums throughout the year to provide this service. In fact, fees and premiums for Marcus Dairy have increased approximately 80% during the past two years.

This proposal, as written, also discriminates against small businesses that have manufacturing facilities that also help to balance the market. The criterion of 1,000,000 lbs. per day or 3% of the milk supply places the proposed fees in the hands of only the large cooperatives.

For these reasons and more, we oppose the proposal for Marketwide service payments.